

Congress of the United States

Washington, DC 20515

April 18, 2007

Cosponsor the Renewable Energy Tax Credit Equity Act of 2007

Dear Colleague:

Today we plan to introduce the Renewable Energy Tax Credit Equity Act of 2007, and would like to invite you to join us in cosponsoring this important renewable energy legislation.

Currently, only energy produced from wind, *closed-loop* biomass, geothermal and solar power facilities are qualified to receive the full section 45 production tax credit (PTC). Other qualified section 45 facilities, such as *open-loop* biomass, and hydroelectric power only receive one-half the PTC. **For this reason, the Renewable Energy Tax Credit Equity Act of 2007 would change the existing PTC to place energy produced from open-loop biomass and other half-credit facilities on a level playing field with other renewable technologies, such as wind and geothermal.**

Electricity produced from *open-loop* biomass typically comes from the controlled combustion of cellulosic wastes such as bark, orchard trimmings, rice hulls and sugar bagasse, and currently accounts for approximately 2,000 megawatts of renewable energy in the United States. Open-loop production facilities generate base load power that provides local voltage support and enhanced grid reliability. It is added in small disbursed increments that do not require transmission system upgrades.

Open-loop facilities help extend landfill life, eliminate air pollution from open burning of agricultural and forestry residuals, and lower the incidence of catastrophic Western forest fires. By allowing a cost effective means of restoring our nation's unhealthy forests, open-loop biomass results in better watershed health, wildlife habitat, and wildfire resilience.

A high cost of construction for start-up facilities combined with only one-half the production tax credit results in a competitive disadvantage for open-loop biomass when compared to other section 45-qualified renewable energy technologies. However, with credit equity, industry estimates point to a potential addition of an initial 900 megawatts of new, already identified open-loop biomass production capacity.

Again, we urge you to cosponsor this important renewable energy equity and promotion legislation. Should you have further questions or would like to cosponsor, please contact Clarence Williams (Rep. Meek) or Dan MacLean (Rep. Herger).

Sincerely,

KENDRICK B. MEEK
Member of Congress

WALLY HERGER
Member of Congress